



Arnold Schwarzenegger
Governor

January 11, 2010
22M:393:mem:9147:9148

Ms. Kathryn D. Flores
County of San Benito
Community Services & Workforce Development
1111 San Felipe Road, Suite 207
Hollister, CA 95023

Dear Ms. Flores:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the County of San Benito Community Services and Workforce Development's (CSWD) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Molly Maloney and Ms. Cynthia Parsell from July 20, 2009, through July 23, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CSWD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of CSWD, a review of applicable policies and procedures, and a review of documentation retained by CSWD for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on October 27, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the concern cited in the draft report we consider the issue resolved.

BACKGROUND

The CSWD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, CSWD was allocated: \$236,165 to serve 38 adult participants; \$249,082 to serve 47 youth participants; and \$215,489 to serve 24 dislocated worker participants.

For the quarter ending June 2009, CSWD reported the following expenditures and enrollments for its WIA programs: \$220,141 to serve 38 adult participants; \$247,279 to serve 48 youth participants; and \$215,489 to serve 23 dislocated worker participants.

FISCAL REVIEW RESULTS

We concluded that, overall, CSWD is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, CSWD is meeting applicable WIA requirements concerning procurement, we identified a condition that may become a compliance issue if not addressed. Specifically, we found that CSWD's procurement policy and procedures do not state that an adequate number of qualified sources or quotes are necessary for purchases between \$0 - \$999. CSWD staff stated that in practice more than one quote is obtained for all purchases, regardless of the dollar amount. We suggested that CSWD revise its small purchase policy to require more than one quote for purchases between \$0 - \$999 and provide a copy of the revision to the Compliance Review Office.

In its response, CSWD stated that while CSWD does comply with their county policy to acquire more than one quote for all purchases, they revised their small purchase policy requiring more than one quote for purchases between \$0 - \$999. The CSWD's response adequately addressed our concern and no further action is necessary.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is CSWD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable

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State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CSWD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", written in a cursive style.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: José Luis Marquez, MIC 50
Dathan O. Moore, MIC 50
Doug Orlando, MIC 50
Daniel Patterson, MIC 45